

Book Review

What's the Economy For, Anyway? Why It's Time to Stop Chasing Growth and Start Pursuing Happiness

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Author: **John De Graaf and David K. Batker**

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What's the Economy For, Anyway? provides a thought-provoking wake-up call about a myriad of U.S. economic challenges and discusses their impact on the lives of ordinary individuals. The book is highly recommended for anyone who teaches or conducts research about the gross domestic product (GDP), household spending, credit and debt, affluenza, government and employer benefits, income taxes, work-life balance, health finance, happiness, and more. All of these topics are touched upon within its 292 pages (243 pages of content, plus an extensive endnotes section and index), which draw upon both historical (e.g., creation of the Federal Reserve System in 1913) and recent (2008 financial crisis) events.

The book's authors provide an interesting and complementary pairing of areas of expertise. John De Graaf is national coordinator of *Take Back Your Time* (see <http://www.timeday.org>), a Seattle, Washington based organization that challenges overwork in the United States and Canada. He is a frequent speaker and author on the topics of overwork and overconsumption. David K. Batker is Chief Economist and Executive Director of *Earth Economics* (see <http://www.eartheconomics.org>), a Tacoma, Washington non-profit that provides ecologically oriented economic analysis. A three-minute YouTube video, narrated by Dr. Batker, provides an overview of the content of *What's the Economy For, Anyway?* and can be found at <http://www.youtube.com/watch?v=Gqiu7rzxixE>.

What's the Economy For, Anyway? begins with two Forewords and an Introduction that set the stage for the 13 chapters to

come. Readers are challenged to think about what "wanting a life" means. The authors opine that "the modern American dream has become a dream of stuff" that is "becoming a nightmare" (p. vii). A 1912 textile mill strike is described where workers marched for "bread (higher wages) and (time to smell the) roses." Sadly, many people lack "roses" in their lives today, including time for friends and family. The Introduction provides several contrasts between the U.S. economy and that of other nations, including a troubling example about the Swiss company IKEA, and concludes with a brief summary of each of the chapters.

Chapter 1, *The Grossest Domestic Product*, focuses on the history, definition, and shortcomings of the gross domestic product (GDP) as a measure of economic health. The technical definition is: "*GDP is the total market value of all final goods and services produced in a country in a year*" (p. 12). Included in this chapter is a warning from Robert F. Kennedy, issued 10 weeks before his death in 1968, that the GDP "measures everything in short except that which makes life worthwhile" (p. 17). Items that the GDP counts include pollution, crime, health damage, family breakdowns, debt/bankruptcy, and "bursting bubbles," such as credit default swaps and financial derivatives. Items not counted in the GDP include nature, sustainability, exercise (unless one buys a gym membership), social connection, volunteering, housework, and product quality.

The Pursuit of Happiness is the title of Chapter 2, which begins with a phrase that is repeated throughout the book as a goal for the U.S. economy. It was coined by Gifford Pinchot,

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the first chief of the U.S. Forest Service, in 1905. Referring to the job he was hired to do, Pinchot set a goal of achieving “the greatest good for the greatest number over the longest run” (p.28). Having visited Pinchot’s home, now a national historic site, in nearby Milford, PA (see <http://www.greytowers.org/greytowers.html>) and learning about his ecological and conservation ideals, I was particularly intrigued. Other topics covered in this chapter are the Gross Happiness Index developed in Bhutan, lessons learned from “happy” countries, and Americans’ time balance problem, social isolation, and increasing rates of depression. The authors conclude the chapter by noting “less stuff and less debt allow for a better life with less income, less stress, and more time” (p. 42).

In Chapter 3, *Provisioning the Good Life*, the authors address the topic of needs versus wants from a macro-economic perspective, noting that “without provisioning and distributing the basics- food, water, shelter, and clothing- no economy can be successful. We need to start there. No discussion of the greatest good can ignore basic goods” (p. 43). Topics addressed in the chapter include a taxonomy of human needs, Maslow’s pyramid hierarchy of human needs, and The Five Capitals that successful economies require: Built Capital (physical infrastructure), Financial Capital (paper and electronic money), Natural Capital (plants, animals, and nature), Human Capital (a person’s skills, knowledge, education, and interpersonal skills), and Social Capital (organizations, networks, and relationships among people). The chapter also discusses America’s nutrition and food security problems, agricultural policies, housing challenges, and overspending on clothing.

Americans’ poor health status compared to other nations is the subject of Chapter 4, *Unhealthy at Any Cost*. The authors note, “after World War II, we were the healthiest people in the world. Now we’re not even close” (p.63). A 2000 World Health Organization study ranked the United States 37th in the quality of its health care, and many experts think this ranking has slipped further during the past decade. They then use a “House of Health” analogy to discuss the problem: The U.S. has an expensive “roof” (Affordable Care Act) and four shaky “walls”: lifestyle, stress relief, social connection, and a safe environment. Poor Americans also have a “dirt floor” (poor health care foundation). Various comparisons are made to health care in other countries. Proactive solutions are also described to strengthen each of the four “walls,” including changing economic policies that have encouraged overwork, under-connection, poor diets, and hazardous workplaces.

Chapter 5, *Risky Business*, discusses various “risk shifts” that have taken place, especially during the past three decades. Like the topic of health care, numerous examples contrast American economic policies unfavorably to those of other countries. The authors note, “In general, the social safety net for working people is tighter in the capitalist democracies of western Europe than in the United States” (p. 83). Specific topics discussed in this chapter include child abuse, the demise of defined benefit pensions, unemployment rates, European work-sharing models, Social Security, and U.S. incarceration rates. One study mentioned concluded that “nine of the ten top states with the best outcomes for children today are ‘blue’ states” (p. 81).

Americans’ “time poverty” is discussed in Chapter 6, *The Time Squeeze*. The authors argue convincingly with pertinent data that many Americans are starved for leisure time for health maintenance (e.g., exercise) and/or to spend with family and friends. Once again, comparisons are made with other countries that paint American time use patterns (and our mindset about the need to work long hours) in an unfavorable light. Specific topics that are covered include a description of “the daily grind,” the influence of technology on work patterns, productivity shifts from businesses to consumers (e.g., pump gas, make travel reservations, automated checkout, telephone answering systems), the impact of income taxes on work hours, and benefits to both the environment (reduced “carbon footprint”) and individuals of trading productivity for time.

Chapters 2 through 5 explore the first of Gifford Pinchot’s three goals: the “greatest good.” Chapter 7, *The Greatest Number*, explores the second goal; i.e., “a notion that in a good society, the good things would be broadly distributed so that as many people as possible could enjoy them” (p. 117). In short, the chapter’s main theme is fairness, and again, when compared to nations worldwide, America fails miserably. The authors note that “the gap between rich and poor in America is the widest in any industrial country” (p. 117). One of the topics discussed in Chapter 7 is the marked polarization of American incomes over the past three decades: “The top 20% of Americans earn fourteen times as much as the bottom 20%, up from eight times as much in 1980” (p. 118). Other topics discussed include U.S income and wealth inequality statistics, federal marginal income tax rates, various types of taxes used in the U.S. and abroad, and economic mobility data.

The Capacity Question is the title of Chapter 8, which describes America’s decreased capacity to insure widespread

economic success for its citizens. As with previous chapters, our economic (and political) shortcomings relative to other nations are described in detail. Other topics included in this eclectic chapter are infant mortality, child care, K-12 and college education, mass transit systems, highway building and commuting patterns, the influence of money in politics, work satisfaction research data, and Americans' pattern of "engaging in resource-intensive work to consume resource-intensive material goods" (p. 152).

Gifford Pinchot's third goal is addressed in Chapter 9, *The Longest Run: Sustainability*. While Pinchot was referring to the preservation of natural resources, the authors address sustainability in a more general way, referring to the five types of capital that were first described in Chapter 2. While discussing Natural Capital, the chapter tells readers about a website, <http://www.myfootprint.org/>, they can use to check their "ecological footprint." I took this 27-question online quiz and found, in accord with the average American lifestyle, that my driving, eating, housing, and shopping habits would need five planets to sustain. This was very sobering insight, especially since I was not a total slacker and was performing some recommended practices. Other topics discussed in this chapter are the use of Pacific yew trees to extract Taxol to fight breast cancer (I'm living proof!), the importance of ecosystems, the "sustainability paradox" (i.e., "our successes are endangering the sustainability of our successes," p. 154), lessons learned from Hurricane Katrina, and dozens of potential solutions for sustainability problems.

Economic history enthusiasts will enjoy chapters 10 through 12, which provide insights into circumstances and politics behind U.S. economic challenges. Chapter 10, *Ancient History*, begins by noting that "the United States was truly the envy of the world in the 1950s and '60s, outperforming nearly every nation in virtually every category we've been looking at, while building the largest middle class in world history" (p. 178). It then reaches back to describe events from as early as 1901, including child labor, impure food and drugs, the breakup of enormous corporate conglomerates called trusts (e.g., John D. Rockefeller's Standard Oil), the women's rights movement, the Roaring Twenties, the Great Depression, The New Deal, America's Post-World War II prosperity, and the economic and civil rights struggles of minorities.

Chapter 11, *When (or How) Good Went Bad*, picks up the U.S. economic history story in the late 1960s. The authors begin the chapter by noting that "More than forty years of hindsight suggest that 1968 may well have been the United States'

pivotal year, the year two roads diverged and we Americans took the wrong one" (p. 195). Topics discussed in this chapter include the Vietnam War, the assassinations of Martin Luther King, Jr. and Robert F. Kennedy, the 1968 presidential campaign that led to the election of Richard Nixon, and the economic impact of the subsequent presidencies of Jimmy Carter, Ronald Reagan, George H.W. Bush, Bill Clinton, and George W. Bush, who promoted the ideal of an "ownership society" where Americans are responsible for their own health care, retirement, and other needs (p. 209).

The title of Chapter 12 aptly describes its content: *The Housing, Banking, Finance, Debt, Bankruptcy, Foreclosure, Unemployment, Currency...Hell-of-a-Mess Crisis*. The subject of the chapter is, of course...the events leading up to the 2008 financial crisis and what has happened since then. Here, as in previous chapters, the assessment of U.S. economic health is not pretty, as the authors note: "unemployment persists, foreclosures mount, real incomes for most Americans shrink, and debt looms large (p. 212). Specific topics covered in this chapter include the deregulation of the U.S. banking industry, how Washington Mutual Bank (WaMu) and Lehman Brothers went bust, the housing bust (e.g., foreclosures and underwater homeowners with mortgages larger than the value of their homes), and how the U.S. financial crisis affected other countries. The chapter concludes with six well fleshed out strategies to prevent another financial meltdown.

By the time readers get to Chapter 13, *Building a Twenty-First Century Economy of Life, Liberty, and Happiness*, the enormity and totality of America's economic challenges have really hit home. We've learned, for example, that many Americans are socially isolated, unhealthy (mentally and/or physically), unhappy, time-starved, indebted, over-working, over-consuming, natural-resource-gluttons living in a country that has long since fallen behind other countries—even developing nations—with respect to key quality of life metrics. It was particularly disturbing for me to read that America's zenith might have occurred while I was still in high school! Fortunately, the story does not end there. Chapter 13 is chock full of solutions and includes a proposed "Economic Bill of Rights" to reverse the disturbing trends of the past 45 or so years. The ten overarching themes of these detailed proposals are as follows: (1) Give us time, (2) Improve life possibilities at birth, (3) Build a healthy nation, (4) Enlarge the Middle Class, (5) Value national capital (e.g., consider sustainability in economic decisions), (6) Fix taxes and subsidies, (7) Strengthen the financial system, (8) Build a new energy infrastructure, (9) Strengthen community and improve

mobility, and (10) Improve governance (e.g., ban campaign contributions and require at least a third of corporate directors to be elected by workers).

Can any of these proposed changes actually happen? This remains to be seen. At the same time that I was reading this book, former New York City Mayor Bloomberg was about to veto a mandatory sick leave bill for city workers (see <http://www.businessweek.com/news/2013-03-28/new-york-city-to-demand-paid-sick-days-for-most-workers>), the issue of work-life balance was being debated in the wake of Sheryl Sandberg's book *Lean In* (see <http://www.usatoday.com/story/opinion/2013/03/18/work-life-balance-sandberg/1997709/>), and the city of Jersey City, NJ experienced not one, but two water main breaks in a single day (see http://www.nj.com/hudson/index.ssf/2013/03/second_water_main_breaks_in_ho.html). Clearly, many aspects of the U.S. economy need to be fixed. The authors provide the following observation, again alluding to Gifford Pinchot's goals more than a century ago: "The financial crisis is far from over. But solving it, like all other issues brought up in this book, requires a holistic approach and a much clearer understanding of our goals for an economy that provides the greatest good for the greatest number over the longest run" (p. 226).

Readers will find *What's the Economy For, Anyway?* alternately informative, thought-provoking, depressing, very depressing, hopeful, and even humorous. It is also easy to "personally" relate to many of the topics contained within the book since readers are living (or have lived through) them. The content is generally balanced with varying viewpoints provided about the causes or results of various economic events. Personal examples provided by the authors' own experiences provide additional insights. The three "history" chapters at the end read like "Cliff Notes" (with the benefit of hindsight) of recent economic and political events. It is interesting to see people and places that were once front-page news discussed in a thoughtful and well-reasoned manner. Many people have heard or read that "America's best days are behind us," and this book helps explain why.

Read *What's the Economy For, Anyway?* from cover to cover on a long plane trip, as I did, or use it as a desk reference about various aspects of the U.S. economy. Either way, the book is a valuable resource for financial educators who could supplement it with activities such as the ecological footprint quiz, described above, and websites about overspending, such as *Affluenza* (see <http://www.pbs.org/kcts/affluenza/>). The book would also be a good assigned reading for graduate

students, although I wonder how they will react when they realize that they may have missed the American economy's best days. Perhaps, though, reading *What's the Economy For, Anyway?* can stimulate the collective action needed to make the changes that DeGraaf and Batker say are necessary to improve Americans' lives. After all, the book ends on a high note: "Together, we can organize our economy to secure the greatest good for the greatest number over the longest run. We can build a twenty-first century economy and achieve a new American Dream" (p. 243).

About the Reviewer

Dr. **Barbara O'Neill** holds the rank of Distinguished Professor in the School of Environmental and Biological Sciences at Rutgers University and is Rutgers Cooperative Extension's Specialist in Financial Resource Management. She also provides national leadership for the Cooperative Extension program *Small Steps to Health and Wealth*TM. Dr. O'Neill has written over 1,500 consumer newspaper articles and over 125 articles for academic journals and conference proceedings. She is a certified financial planner (CFP®), chartered retirement planning counselor (CRPC®), accredited financial counselor (AFC), certified housing counselor (CHC), and certified financial educator (CFEd), and served as president of the Association for Financial Counseling and Planning Education (AFCPE) in 2003. Dr. O'Neill received her Ph.D. in family financial management from Virginia Tech. She has received over three dozen awards for program excellence and over \$910,000 in funding to support her financial education programs and research.